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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/692,419

10/22/2003

Kevin G. Currans

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02/05/2009

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INTELLECTUAL PROPERTY ADMINISTRATION
FORT COLLINS, CO 80527-2400

EXAMINER

WINTER, JOHN M

ART UNIT

PAPER NUMBER

3685

NOTIFICATION DATE

DELIVERY MODE

02/05/2009

ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary	Application No. 10/692,419	Applicant(s) CURRANS ET AL.	
	Examiner JOHN M. WINTER	Art Unit 3685	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 29 September 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 15,20,22 and 24 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 15,20,22 and 24 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Acknowledgements

The Applicant's amendment filed on September 29, 2008 is hereby acknowledged, Claims 15, 20, 22 and 24 have been examined

Response to Arguments

1. On page 2 of the Office Action, claim 15 was rejected under 35 USC 101 because the claimed invention was presumed directed to non-statutory subject matter.

Examiner states a §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In addition, the tie to a particular apparatus, for example, cannot be mere extra-solution activity. An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps.

To meet prong (1), the method step should positively recite the other statutory class (the thing or product) to which it is tied. This may be accomplished by having the claim positively recite the machine that accomplishes the method steps. Alternatively or to meet prong (2), the method step should positively recite identifying the material that is being changed to a different state or positively recite the subject matter that is being transformed. In this particular case, claim 15 fails prong (1) because the "tie" (e.g. consumable item) is representative of extra-solution activity.

The Applicant states that neither Briscoe or Berstis disclose " preventing the use of a portion of the consumable item in proportion to the amount of expended portion of currency, thereby creating a collateral security as an encumbrance on the portion of the

consumable item " and "after payment, releasing the encumbrance and thereby allowing the use of the portion of the consumable item."

The Examiner responds that Berstis discloses "Thereafter, the digital file, together with at least part of its copy control information, is transferable between the storage and rendering devices in accordance with the particular usage and payment scheme being utilized. Thus, for example, if a prepayment scheme is implemented and an expiration date (associated therewith) has not occurred, a given number of copies of the file may be transferred between the storage and rendering devices." The Examiner submits that of determining usage based upon a prepayment is analogous to the claimed feature of "preventing the use of a portion of the consumable item in proportion to the amount of expended portion of currency". The examiner further submits that the features of "thereby creating a collateral security as an encumbrance on the portion of the consumable item" and "thereby allowing the use of the portion of the consumable item" are directed towards intended usage and do not have patentable weight.

Regarding conditional or optional language the MPEP is clear, language that suggest or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation (MPEP 2106, II, C; *Intel Corp. v. Int'l Trade Comm'n*, 20 USPQ2d 1161 (Fed. Cir. 1991); *In re Johnston*, 77 USPQ2d 1788 (CA FC 2006)).

2. Claims 15, 20, 22 and 24 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter.
3. Based on Supreme Court precedent (See also *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) and recent Federal Circuit decisions, a §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In addition, the tie to a particular apparatus, for example, cannot be mere extra-solution activity. See *In re Bilski*, 88 USPQ2d 1385 (Fed. Cir. 2008).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps.

To meet prong (1), the method step should positively recite the other statutory class (the thing or product) to which it is tied. This may be accomplished by having the claim positively recite the machine that accomplishes the method steps. Alternatively or to meet prong (2), the method step should positively recite identifying the material that is being changed to a different state or positively recite the subject matter that is being transformed. In this particular case, claim 15 fails prong (1) because the “tie” (e.g. consumable item) is representative of extra-solution activity. Additionally, the claim(s) fail prong (2) because the method steps do not transform the underlying subject matter to a different state or thing.

4. Claims 20,22, and 24 are either dependant upon claim 15 or contain similar limitations and are rejected for at least the same reasons.

5. Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 15, 20, 22 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over

Briscoe. (US Patent 6,341,273) in view of Berstis et al. (US Patent 6,282,653)

8. As per claim 20,

Briscoe ('273) discloses a method of exchanging payments, comprising the steps of:

purchasing a consumable item; (Column 6, lines 49-58)

creating a digital cash account for the consumable item having an amount

proportionally related to the amount of the consumable item;(Column 5, lines 12-31)

expending a portion of the consumable item wherein the use of the consumable item incurs

a debit charge; (Column 6, lines 8-46)

reducing the amount of the digital cash account by the amount of the debit charge

incurred.(Column 6, lines 8-46)

Briscoe ('273) does not explicitly disclose royalty based content that indicates an owner

of the content and the amount of debit charge for using the content; preventing the use of the consumable item in proportion to the reduced amount of the digital cash account of the consumable item, thereby bartering a proportion of the consumable item for content.

Berstis et al. ('653) discloses royalty based content that indicates an owner of the content and the amount of debit charge for using the content; preventing the use of the consumable item in proportion to the reduced amount of the digital cash account of the consumable item, thereby bartering a proportion of the consumable item for content. (Abstract, Column 6, line 43 – Column 7 line 29, discussion of royalty payment for usage –prepaid amount to reduce pre rendering of content) It would be obvious to one having ordinary skill in the art at the time the invention was made to combine the Briscoe ('273) method with the Berstis et al. ('653) method in order to recoup the expense of product development

9. Claims 15 is in parallel with claim 20 and are rejected for at least the same reasons.

10. As per claim 22

Briscoe ('273) discloses an apparatus including a consumable item using the method of claim 15 to exchange payments. (Abstract)

Claims 24 is in parallel with claim 22 and are rejected for at least the same reasons.

Conclusion

11. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JOHN M. WINTER whose telephone number is (571)272-6713. The examiner can normally be reached on M-F 8:30-6, 1st Fridays off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Calvin Hewitt can be reached on (571) 272-6709. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

JMW

/Calvin L Hewitt II/
Supervisory Patent Examiner, Art Unit 3685